MULTIMEDIA UNIVERSITY

STUDENT ID NO

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 2, 2022/2023**

## PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING

(All sections/Groups)

5 JULY 2023
9.00 a.m.-11.00 a.m.
(2 Hours)

---

## INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

## Structured Questions (100 Marks)

## QUESTION 1

The Fabulous Chocolate Company uses activity-based-costing (ABC). The controller identified the following three activities and their budgeted costs and cost drivers:

| Activities | Budgeted costs | Cost driver |
|---|---|---|
| Setting up equipment | RM270,000 | Set-up hours |
| Inspecting products | RM300,000 | Inspection hours |
| Heating products | RM900.000 | Oven hours |

The company produces two products, Fudge and Cookies. Information on each product are given:

| | Fudge | Cookies | Total |
|---|---|---|---|
| Set-up hours | 4,000 | 1,000 | 5,000 |
| Inspection hours | 3,000 | 1,000 | 4,000 |
| Oven hours | 1,000 | 5,000 | 6,000 |
| Direct material costs | RM15 per unit | RM10 per unit | - |
| Direct labour costs | RM12,000 | RM20,000 | RM32,000 |
| Units produced | 15,000 | 25,000 | 40,000 |

**REQUIRED**

a) Calculate the activity cost driver rates for:
   i) Setting up equipment
   ii) Inspecting products
   iii) Heating products

(6 marks)

b) Using the activity cost driver rates determined in (a), calculate the total manufacturing overhead cost assigned to:
   i) Fudge
   ii) Cookies

(8 marks)

c) Calculate the manufacturing overhead cost per unit for:
   i) Fudge
   ii) Cookies

(3 marks)

d) Calculate the total manufacturing cost for:
   i) Fudge
   ii) Cookies

(8 marks)

**(Total 25 marks)**

**Continued...**

## QUESTION 2

### Part A

Farville Company produces a product that passes through two departments: blending and cooking department. Direct materials are added at the beginning of the production process. Conversion costs are added uniformly throughout the period. The cost information in blending department is as follows:

| | |
|---|---|
| Costs for the period: | |
| Direct material | RM 211,000 |
| Conversion cost | RM 370,000 |
| | |
| Unit started during the period | 370,000 units |
| Work in process, opening inventory | 0 unit |
| Work in process, ending inventory | 50,000 units |
| Direct materials (100% complete) | |
| Conversion costs (60% complete) | |

**REQUIRED**

a) Calculate the completed units in blending department. (2 marks)

b) Calculate the total equivalent units of production for materials and conversion costs in blending department. (3 marks)

c) Calculate the costs per equivalent unit for materials and conversion costs in blending department. (round the unit cost to two decimal points) (2 marks)

d) Calculate the total costs of completed units in blending department. (2 marks)

e) Calculate the costs of ending work in process in blending department. (3 marks)

### Part B

Whitideo Company plans to sell 1,000 mowers at RM400 each in the coming year. Total costs include:

| | Amount (RM) |
|---|---|
| Direct material per mower | 180 |
| Direct labour per mower | 100 |
| Variable factory overhead per mower | 25 |
| Total fixed factory overhead | 15,000 |
| Variable selling expense | RM20 per mower |
| Fixed and selling administrative expenses | 30,000 |

**Continued...**

**REQUIRED**

a) Calculate the total variable cost per unit. (3 marks)

b) Calculate the total fixed expenses. (3 marks)

c) Calculate the number of mowers that Whitideo must sell to breakeven. (3 marks)

d) Calculate the number of units that Whitideo must sell to earn operating income of RM37,500. (4 marks)

**(Total 25 marks)**

**QUESTION 3**

Jamie Leathers Company produces a ladies' wallet and a men's wallet. Selected data for the year 2022 follow:

| | Ladies' wallet | Mens's wallet |
|---|---|---|
| Selling price | RM5.50 | RM4.50 |
| Normal production for the year | 100,000 | 220,000 |
| Actual production for the year | 100,000 | 220,000 |
| Sales volume for the year | 90,000 | 200,000 |
| Direct material cost per unit | RM 0.75 | RM 0.50 |
| Direct labour cost per unit | RM 2.50 | RM 2.00 |
| Variable production cost per unit | RM 0.20 | RM 0.12 |
| Fixed production overhead per annum | RM 50,000 | RM 40,000 |
| Fixed administration cost per annum | RM 30,000 | RM 60,000 |

There was no opening inventory at the beginning of the year.

**REQUIRED**

a) Calculate the unit product costs using marginal costing for ladies' wallet. (2 marks)

b) Calculate the unit product costs using absorption costing for men's wallet. (3 marks)

c) Prepare the statements of profit or loss for the year ending 31st December 2022 using marginal costing for ladies' wallet. (10 marks)

d) Prepare the statements of profit or loss for the year ending 31st December 2022 using absorption costing for men's wallet. (10 marks)

**(Total 25 marks)**

**Continued...**

## QUESTION 4

### Part A

Tania Company has been approached by a new customer with a special offer to purchase 20,000 units of model TMR7 at a price of RM9 each. The new customer is geographically separated from the company's other customers, and existing sales would not be affected. Tania Company normally produces 100,000 units of TMR7 per year but only plans to produce and sell 75,000 in the coming year. The normal sales price is RM14 per unit. Unit cost information for the normal level of activity is as follows:

| | RM |
|---|---|
| Direct materials | 3.00 |
| Direct labour | 2.80 |
| Variable overhead | 1.50 |
| Fixed overhead | 2.00 |
| Total | 9.30 |

**REQUIRED**

a) Calculate the total relevant revenue from the special order. (2 marks)

b) Calculate the total relevant costs for the order. (4 marks)

c) What will be the change in operating income if Tania Company accepts the special order? (2 marks)

d) Should Tania Company accept the special order? Explain why or why not. (2 marks)

### Part B

Hoven Products produces coat racks. The projected sales for the first quarter of the coming year and the beginning and ending inventory data are as follows:

| | |
|---|---|
| Unit sales | 100,000 units |
| Unit price | RM15 |
| Units in beginning inventory of finished goods | 8,000 units |
| Units in targeted ending inventory of finished goods | 12,000 units |

The coat racks are moulded and then painted. Each rack requires four pounds of metal, which cost RM2.50 per pound. The beginning inventory of materials is 4,000 pounds. Hoven Products wants to have 6,000 pounds of metal in inventory at the end of the quarter.

**Continued...**

**REQUIRED**

a) Prepare a sales budget for the first quarter. (2 marks)

b) Prepare a production budget for the first quarter. (5 marks)

c) Prepare a direct materials purchase budget (in quantity and value) for the first quarter. (8 marks)

**(Total 25 marks)**

**End of Paper**